

Message Text

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PAGE 01 BERN 03056 091236Z

41

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SUBJECT: CERP - TRADE OUTLOOK, SWITZERLAND

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1. HERewith TRADE OUTLOOK REPORT FOR SWITZERLAND. IN EDITING FOR PUBLICATION, DEPT. OF COMMERCE MAY WISH ADD AT END OF REPORT INVITATION TO US FIRMS TO PARTICIPATE IN PROMOTIONAL EVENTS DURING COMING YEAR WHICH ARE EXPECTED TO TAKE PLACE. WE HAVE OMITTED REFERENCE TO EVENTS IN THIS REPORT SINCE WE NOT CERTAIN WHICH WILL DEFINITELY BE COVERED BY FY 77 BUDGET.

2. IN THE PAST YEAR SWISS MANUFACTURERS SOLD ON AVERAGE SIX PER CENT LESS ON WORLD MARKETS THAN IN 1974. IN THE SAME PERIOD THE VALUE OF NEW ORDERS RECEIVED DECLINED BY 17 PER CENT FROM CUSTOMERS ABROAD, AND BY 33 PER CENT FROM DOMESTIC CLIENTS. THE UNEXPECTED RECESSION IN WORLD TRADE, SO UNFAMILIAR IN AN ERA OF UNINTERRUPTED GROWTH, SEVERELY JOLTED TRADE AND INDUSTRY CIRCLES IN THIS PARADISE OF SUCCESS AND PROSPERITY SPECIALISTS. ALMOST OVERNIGHT IT HAD BECOME A BUYER'S WORLD. THE SUDDEN REVERSAL STRUCK IMPORTS AS WELL, WHOSE VALUE LAST YEAR PLUNGED BY OVER 20 PER CENT. AMERICAN GOODS WERE AMONG THE FEW THAT

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 BERN 03056 091236Z

DID NOT DO TOO BADLY; THEY RECORDED A DROP OF ONLY 7.8

PER CENT.

3. ECONOMIC FORECASTERS NOW PREDICT A REVIVAL OF BUSINESS ACTIVITY IN THE SECOND HALF OF 1976. THERE ARE DEFINITE SIGNS THAT THE RECESSION IN SWITZERLAND HAS REACHED BOTTOM, AND THAT THE ECONOMY IS ON THE MEND. THE RECOVERY IS LED BY THE COUNTRY'S EXPORT INDUSTRIES, IN PARTICULAR MANUFACTURERS OF MACHINERY AND APPARATUS, CHEMICALS, AND PROCESSED FOODS. BUT DOMESTIC DEMAND, ESPECIALLY FOR CAPITAL GOODS, IS STILL SLUGGISH. GROWTH IMPULSES HAVE SO FAR EMANATED MAINLY FROM THE CONSUMER GOODS SECTOR, WHERE MODEST GAINS IN THE SALE OF BOTH CONSUMER DURABLES AND NON-DURABLES HAVE BEEN REGISTERED DURING THE FIRST SIX MONTHS OF THIS YEAR. UNDER THE SWISS GOVERNMENT'S PROGRAM TO STIMULATE THE ECONOMY, A THIRD INVESTMENT PACKAGE TOTALING DOLS. 500 MILLION WILL BE LAUNCHED LATER IN JULY. MOSTLY DESTINED FOR PUBLIC WORKS AND SUPPORT OF INDUSTRIES SUFFERING FROM RECESSION OR STRUCTURAL DIFFICULTIES, OR BOTH, THE MEASURES ARE EXPECTED TO HELP CREATE ADDITIONAL DEMAND FOR CAPITAL GOODS.

4. SWITZERLAND HAS AN ANNUAL IMPORT BILL OF DOLS. 14 BILLION. THE UNITED STATES IS ITS MAIN OVERSEAS TRADING PARTNER. AMONG SWITZERLAND'S MAJOR SUPPLIER COUNTRIES, THE US RANKS FOURTH, AFTER WEST GERMANY, FRANCE AND ITALY, BUT AHEAD OF BRITAIN AND THE NETHERLANDS. PROFITING FROM TWO DOLLAR DEVALUTATIONS AND A SUBSTANTIAL FRANC APPRECIATION, AMERICAN SUPPLIERS LAST YEAR CONSOLIDATED THEIR POSITION ON THE SWISS MARKET. THE U S SHARE OF SWISS IMPORTS ROSE FROM 6.5 PER CENT IN 1974 TO 7.5 PER CENT. IN ABSOLUTE TERMS, AMERICAN SALES IN SWITZERLAND TOTALED DOLS. 1,101.9 MILLION. PRINCIPAL ITEMS WHICH THE SWISS PURCHASED FROM THE UNITED STATES WERE AIRCRAFT; NON-ELECTRICAL MACHINERY AND ELECTRICAL EQUIPMENT, SUCH AS RELAYS; CHEMICAL AND PLASTIC RAW MATERIALS AND INTERMEDIATES; ELECTRONIC DATA PROCESSING AND OTHER BUSINESS MACHINES; MEDICAL AND LABORATORY INSTRUMENTS; MEASURING AND CONTROL INSTRUMENTS; COMMUNICATIONS EQUIPMENT; AND MOTOR VEHICLES. THE GOOD PERFORMANCE IN THE SALE OF CAPITAL GOODS WAS NOT ALONE THE RESULT OF THE ADVANTAGE OF A FAVORABLE EXCHANGE RATE, WHICH US SUPPLIERS ENJOYED, BUT ALSO OF A CONSIDERABLE TECHNOLOGICAL LEAD WHICH MANY UNCLASSIFIED

UNCLASSIFIED

PAGE 03 BERN 03056 091236Z

OF THEIR PRODUCTS STILL OFFER.

5. AS CONSUMERS AND INVESTORS HAVE GROWN SHIER OF SPENDING IN THE LAST TWO YEARS, THE PREMIUM HAS STEADILY RISEN ON SPORTING THE MERCHANDISE THAT WILL TEMPT SWISS "FRANKLI" FROM THEIR POCKETS. THE EMBASSY HAS IDENTIFIED THREE AREAS IN WHICH THE SWISS DEMONSTRATE AN ALMOST PROFLIGATE URGE TO SPEND: SECURITY AND ALARM SYSTEMS,

INDUSTRIAL CONTROL SYSTEMS, AND SOLAR ENERGY SYSTEMS. RECENTLY TWO GROUPS OF SWISS BUSINESSMEN TRAVELED TO THE US ON EMBASSY SPONSORED AND ORGANIZED VISITS, ONE TO THE INTERNATIONAL SECURITY CONFERENCE IN CHICAGO, THE OTHER TO SMICON WEST IN SAN MATEO, CALIFORNIA. SWISS BUSINESS EXECUTIVES AND PROFESSIONALS ALSO REGULARLY ATTEND AMERICAN SYMPOSIA AND EXHIBITIONS DEALING WITH THE UTILIZATION OF SOLAR ENERGY, EVIDENCING A KEEN INTEREST IN US SOLAR ENERGY TECHNOLOGY.

6. DESPITE THE RECESSION, THE EMBASSY HAS ALSO NOTICED AN APPRECIABLE INCREASE IN THE NUMBER OF TRADE INQUIRIES RECEIVED CONCERNING THE FOLLOWING TYPES OF AMERICAN PRODUCTS: FOOD PROCESSING MACHINERY; WINE BOTTLING MACHINES; PACKAGING MACHINERY; METALWORKING MACHINERY AND MACHINE TOOL ACCESSORIES; WELDING ACCESSORIES; ULTRASONIC CLEANING MACHINES; INDUSTRIAL FILTERS; ABRASIVE TOOLS; PRECISION GRINDING MACHINES; COMMUNICATIONS EQUIPMENT; MINI AND MICROCOMPUTER SYSTEMS AND PERIPHERALS; INTEGRATED CIRCUITS; ELECTRONIC WATCH CIRCUITS; DISPLAYS AND ASSEMBLED MODULES; MICROPROCESSORS; INDUSTRIAL LASERS; OPTICAL INSTRUMENTS; METEOROLOGICAL INSTRUMENTS; ELECTRONIC CALCULATORS; THERMOMETERS; DESALINATION PLANTS; WASTE WATER AND SEWAGE TREATMENT SYSTEMS; BATHROOM FITTINGS; INDUSTRIAL CATERING EQUIPMENT; HOUSEHOLD COOKING UTENSILS AND APPLIANCES; HARDWARE, DRILLS AND DRILL ATTACHMENTS; HAND TOOLS AND GARDEN TOOLS; SWIMMING POOLS AND SWIMMING POOL ACCESSORIES; PACKAGING MATERIALS; INSULATING MATERIALS; CHEMICAL AND PHARMACEUTICAL RAW MATERIALS AND INTERMEDIATES; URANIUM; DENTAL PRODUCTS; PRECIOUS AND SYNTHETIC STONES; JEWELRY AND COSTUME JEWELRY; FABRICS; SYNTHETIC YARNS; AND DO-IT-YOURSELF ITEMS OF EVERY KIND AND DESCRIPTION.

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PAGE 04 BERN 03056 091236Z

7. THE EMBASSY WILL MOUNT A CATALOG SHOW AT INTERFEREX IN BASEL AT THE BEGINNING OF SEPT, WHERE SALES LITERATURE WILL BE DISPLAYED ON A VARIETY OF PRODUCTS, INCLUDING DO-IT-YOURSELF EQUIPMENT, SPORTING GOODS, CAMPTING, EQUIPMENT, HOBBY ITEMS FOR GARDENING AND HOME DECORATION, HOUSEHOLD APPLIANCES, POWER TOOLS AND HAND TOOLS, HARDWARE, AND SOUVENIR AND GIFT ITEMS. OVER 1,300 MANUFACTURERS FROM 32 COUNTRIES IN EUROPE AND OVERSEAS WILL BE SHOWING THEIR PRODUCTS AT THIS SPECIALIZED TRADE FAIR. NEARLY 90 PER CENT OF SWISS BUYERS OF HARDWARE AND ALLIED PRODUCTS PLACE THEIR ORDERS AT INTERFEREX.

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